

JEFFERSON, URIAN, DOANE & STERNER, P.A.

SEAFORD SCHOOL DISTRICT

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

JUNE 30, 2006

FIELDWORK END DATE: MAY 3, 2007

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Independent Accountant's Report on Applying Agreed-Upon Procedures

Dr. Russell H. Knorr
Superintendent
Seaford School District
390 North Market Street, Extended.
Seaford, Delaware 19973

The Honorable Valerie A. Woodruff
Secretary, Department of Education
Townsend Building, Suite 2
401 Federal Street
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We have performed the procedures enumerated below, which were agreed to by Seaford School District; the Office of Auditor of Accounts; and the State of Delaware Department of Education, solely to assist the specified parties in evaluating the School District's compliance with criteria from the State of Delaware Fixed Asset Policy Manual, the State of Delaware Department of Education School Construction Technical Assistance Manual, the Delaware Code, and the State of Delaware Budget and Accounting Manual relative to the school construction projects administered by the School District for the year ended June 30, 2006. Seaford School District's management is responsible for compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* (2003) issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. Determine if the School District's policies and procedures for identifying, tracking, and recording capital assets are adequate.

There are no findings upon completion of Seaford School District's construction program and project checklists.

2. Determine whether the School District's construction project records and files (current and prior fiscal years) are accurate.

Upon completion of Seaford District's construction program and project checklists, our procedures resulted in finding(s), see *Appendix A*.

3. Determine if expenditures are accurately stated and are made in accordance with the State Fixed Asset Policy Manual and the intent of the project scope mandated by the General Assembly, the Department of Education, and the Local Board of Education.

Upon completion of Seaford School District's construction program and project checklists, our procedures resulted in finding(s), see *Appendix A*.

4. Determine whether the School District's construction project records and files include only active construction projects as of June 30, 2006. Ensure that completed projects have been appropriately closed out of construction and added to the State Fixed Asset system.

There are no findings upon completion of Seaford School District's construction program and project checklists. No projects were completed during the fiscal year ended June 30, 2006.

5. Prepare the School District's Schedule of Construction Projects for Fiscal Year 2006.

See *Appendix C*.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of Seaford School District management and Board Members, the Auditor of Accounts, and the State of Delaware Department of Education, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited. This report, as required by statute, was provided to the Office of the Governor, Office of the Controller General, Office of the Attorney General, Office of Management and Budget, Department of Finance, the State Treasurer's Office, and the Office of Auditor of Accounts.

Jefferson, Urian, Doane & Sterner, P.A.

Georgetown, Delaware
May 3, 2007

SCHEDULE OF FINDINGS & RECOMMENDATIONS

APPENDIX A

Procedure Agreed Upon #2:

Finding 06-01

During completion of Seaford School District's project checklists for Seaford High School renovations, Seaford Middle School renovations, and Blades Elementary School renovations, it was noted the School District failed to submit certain documentation to the Department of Education as required by the School Construction Technical Assistance Manual, Section 2.0, Paragraph 7.2.1. The manual states that submission of a change order must include the following documents: completed purchase order as applicable, local board of education minutes identifying and approving the changes, completed AIA document G701, and correspondence that gives a breakdown in materials mark-up and other expenses. Personnel were unaware of the requirement and did not attach the materials mark-up and other related expenses with the change order submission. Noncompliance with the State of Delaware provisions, including School Construction Technical Assistance Manual, could potentially cause a delay in receiving future State funds.

Recommendation:

Seaford School District should review and revise procedures to ensure that the proper documentation accompanies purchase orders submitted to the Department of Education.

School District's Response:

"The Director of Administrative Services has reviewed the finding with the Chief of Buildings & Grounds to ensure that the most current procedures are followed in the future."

Procedure Agreed Upon #3:

Finding 06-02:

During completion of the Seaford School District's construction program, it was noted that one expenditure was coded to the incorrect capital project. The payment voucher 9523D3931812 was for work related to Seaford Middle School addition for \$ 24,640, but was coded to Seaford High School renovation appropriation 7614. According to 29 Del C., §6406A(a) and State of Delaware School Construction Technical Assistance Manual, Section 2.0, Paragraphs 4.4 and 8.0, certain transfers within the same certificate of necessity are permitted with approval by the Department of Education. However, the School District did not obtain approval. School District personnel were unaware that transfers between projects outlined within the same Certificate of Necessity required such approval.

Recommendation:

Seaford School District should reimburse \$ 24,640 to appropriation 7613, Seaford High School renovation.

SCHEDULE OF FINDINGS & RECOMMENDATIONS

APPENDIX A

Finding 06-02:

School District's Response:

“Absent prior approvals, the Seaford School District utilization of funds was within the guidelines established for major capital improvement projects, and therefore there was no misuse of funds. The Seaford School District will work with the Department of Education to resolve the finding and the transfer of the \$24,640. As noted in the report, district personnel were not aware of the required procedures for the approval of transfers. Upon receipt of this report draft, the Director of Administrative Services has reviewed the finding with the Chief of Buildings & Grounds to ensure that the most current procedures are followed in the future.”

SCHEDULE OF CONSTRUCTION PROJECTS

APPENDIX C

Project Name	Fiscal Year	Original Funding Amount	De-auth Funding Amount	Total Project Funding to Date	Expended Current FY	Expended Prior FY's	Total Project Expended to Date	Total Unspent as of 06/30/06
Seaford High School Renovation	1997	\$ 4,890,300	\$ -	\$ 4,890,300	\$ -	\$ 4,769,443	\$ 4,769,443	\$ 120,857
	2000	172,000	2,200	174,200	-	174,200	174,200	-
	2001	2,455,200	-	2,455,200	-	2,455,200	2,455,200	-
Seaford Middle School Renovation	1997	3,319,400	-	3,319,400	-	3,305,918	3,305,918	13,482
	1998	1,277,300	(3,998)	1,273,302	-	1,272,174	1,272,174	1,128
	2000	4,171,900	52,800	4,224,700	-	4,224,700	4,224,700	-
Frederick Douglas Elementary	2006	542,100	-	542,100	102,668	-	102,668	439,432
Central Elementary Renovation	2006	953,000	-	953,000	45,014	-	45,014	907,986
W. Seaford Elementary Addition	2006	1,416,400	-	1,416,400	188,818	-	188,818	1,227,582
Seaford High School Renovation	2006	2,067,700	-	2,067,700	165,787	-	165,787	1,901,913
Seaford Middle School Addition	2006	2,343,500	-	2,343,500	981,425	-	981,425	1,362,075

SCHEDULE OF CONSTRUCTION PROJECTS - CONTINUED

APPENDIX C

Project Name	Fiscal Year	Original Funding Amount	De-auth Funding Amount	Total Project Funding to Date	Expended Current FY	Expended Prior FY's	Total Project Expended to Date	Total Unspent as of 06/30/06
Blades Elementary Addition	2006	\$ 1,387,300	\$ -	\$ 1,387,300	\$ 437,900	\$ -	\$ 437,900	\$ 949,400
Totals		\$ 24,996,100	\$ 51,002	\$ 25,047,102	\$ 1,921,612	\$ 16,201,635	\$ 18,123,247	\$ 6,923,855

Note: The questioned costs in Finding 06-02 of \$ 24,640 are included in Seaford High School Renovation's current expenditures of \$ 165,787 and not in Seaford Middle School Addition's current expenditures of \$ 981,425.

DISTRIBUTION OF REPORT

Copies of Seaford School District's Agreed-upon Procedures Attestation Engagement will be distributed by the Office of the Auditor of Accounts to the following public officials:

Executive Branch

The Honorable Ruth Ann Minner, Governor, State of Delaware
The Honorable Richard S. Cordrey, Secretary, Department of Finance
The Honorable Jennifer W. Davis, Director, Office of Management and Budget
The Honorable Valerie A. Woodruff, Secretary, Department of Education
Ms. Trisha Neely, Director, Division of Accounting
Mr. R. Thomas Wagner, State Auditor, Office of the Auditor of Accounts

Legislative Branch

The Honorable Russell T. Larson, Controller General, Office of Controller General

Other Elective Offices

The Honorable Joseph Biden, III, Attorney General, Office of the Attorney General
The Honorable Jack Markell, Treasurer, State Treasurer's Office

Other

Ms. Dorcell S. Spence, Associate Secretary - Finance and Administrative Services Branch, Department of Education
Dr. Russell H. Knorr, Superintendent, Seaford School District